

WEATHER FORECAST.

Cloudy, with rain to-day; cloudy and colder to-morrow.

Highest temperature yesterday, 58; lowest, 38. Detailed weather reports will be found on Editorial page.

THE NEW YORK HERALD

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The New York Herald, with all that was best of The Sun intertwined with it, and the whole revitalized, is a bigger and better and sounder newspaper than ever before.

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GERMAN WORKER, LIVING LIKE SERF, KEEPS UP OUTPUT

Produces Industrially Per Man as Much as in Peace Times.

MENACE OF COMMUNIST

His Rise to Importance Reminds That Ultimate Aim Is Revolution.

Germany's Progress Toward Pre-war Activities

ARTICLE NUMBER 3.

The New York Herald publishes herewith the third of its series of ten articles portraying conditions in Germany to-day. This article describes the condition of labor and its interwoven relations with politics. The article to be published by The Herald to-morrow will supply striking information regarding living conditions among the poor.

III.

By RAYMOND SWING.
Special Correspondence to THE NEW YORK HERALD.

New York Herald Bureau, Berlin, Feb. 27.

German labor has fatalistically accepted, for the time being, the poorest standard of life of any working class in the civilized world, and yet is producing industrially about as much per man per hour as before the war. This level of life is lower than that of the Rumanian peasant's, and is to be found only in other central European countries. The vast majority of German workers not only cannot buy as much food as in peace times, they can buy hardly any clothing. In one coal mine in the comparatively prosperous Ruhr district, 2,000 of 6,000 miners were recently found to possess only one shirt each, while half of their wives possessed no underclothes whatsoever.

In schools attended by workingmen's children it is generally true that more than one-half of the pupils have either no underwear or only one shirt. Hundreds of thousands of German children have no shoes, millions sleep on beds without sheets. The Quakers found less than a fourth of the children in city schools to be normally nourished, or not very many more than the number which is undernourished to the point of illness.

Production Still Good.

The arithmetic increase in wages has rained in between seven and twelve times; the increase in living expenses between twelve and eighteen times. And yet the worker in the factory creates at least nearly as much wealth in a given time as he did before the war. The celebrated statistical department of the Krupp works vouches this for its own employees, and the same reports come from Bavaria and other characteristic districts.

The total production per shift is less because of the eight hour day, and some authorities deny that a comparison can reasonably be made or that on a sound statistical basis it would develop that per capita production really had reached the peace time level. In the coal district, where the digger mines in weight as much if not slightly more than in 1913, his net output is lower. That is because the new law forbids a carload to be cancelled from his pay on account of the proportion of stone it contains.

Labor Is Not Indolent.

Yet the discrepancies in general cannot have paramount importance, and the explanation that German industry is crippled because of the incidence of labor no longer pertains.

The person who holds that politics is the immediate and precise reply to economic facts is not borne out by the story of the last years of Germany. Neither the proletariat class nor the workers have developed their greatest resistance in times when they had the severest material burdens to bear. For the masses the worst hunger was in the winter and spring of 1917.

For the proletariat class the deepest depression came with the industrial idleness of 1919 and the collapse of German currency. But the labor uprisings were at times when the food situation was slowly improving, and the present reaction to conservatism is parallel with a decline of unem-

Continued on Fifth Page.

Duck Hunt by Airplane in Movie Called Illegal

SACRAMENTO, March 8.—Pictures shown in a motion picture house weekly depicting an airplane crashing into a flock of wild ducks resulted to-day in the filing of criminal proceedings here against Louis Hutt, photographer; Lieut. Harry Halvorsen of San Francisco; J. M. Peters, commercial aviator, and Richard Done.

Charles S. Hauser, chief of the Government division, having in charge violations of the migratory bird act, charges the men hunted ducks in airplanes in violation of the migratory bird act.

RENT LAWS UPHELD BY APPEALS COURT

Private Contract Rights Must Yield to the Public Welfare, Says Decision.

DISSENT BY McLAUGHLIN

State Can Curb Profiteers Who Practise Greed and Extortion, Contends Opinion.

Special Despatch to THE NEW YORK HERALD.

New York Herald Bureau, Albany, March 8.

The Court of Appeals handed down a decision to-day upholding the constitutionality of the emergency rent and housing laws passed by the last Legislature to relieve the situation in New York city, and ruling that private contract rights must yield to public welfare in any clear cut conflict. The decision reverses the recent ruling of the Appellate Division of the Supreme Court, First Department, which held that the Legislature could not legally take from the landlord the right to dispossess at the expiration of the term of a lease.

The opinion was written by Judge Cuthbert W. Pound, with Chief Judge Hise and Judges Hogan, Cardozo and Andrews concurring. Judge McLaughlin dissented, holding that the ground taken by the landlords was correct.

The decision is a complete vindication of the laws, and affirms the supreme right of the State to exercise its police powers over the rents and housing in any critical situation. Judge Pound's opinion states that the Constitution is broad and big enough to enable the State to set aside contractual rights. The main-spring of the rent laws is that no landlord shall charge unreasonable rent nor recover possession of his property from a tenant who pays reasonable rent, even after the expiration of the term of lease.

The four constitutional objections lodged by attorneys for the landlords were that the laws denied them equal protection, deprived them of property without due process of law, interfered with freedom of contract and impaired the obligation of a contract.

On these points Judge Pound, after declaring the existence of a housing shortage, said:

"To uphold the right of the landlord to maintain ejectment would be to crack the legislative design into fragments which would afford little protection to the tenants in possession.

"The legislative or police power is a dynamic force, vague and undefined in scope, which takes private property or limits its use when great public needs require, uncontrolled by the constitutional requirement of present of the rights of property and contract must when necessary yield to the public advantage, or it must be found that the State has surrendered one of the attributes of sovereignty for which governments are founded and made itself powerless to secure to its citizens the blessings of freedom and to promote the general welfare.

"The distinction between the power of eminent domain and the police power is often fine. In the main it depends on whether the thing is destroyed or is taken over for public use. If property rights are here invaded, in a degree, compensation therefor has been provided, and possession is to be regained when the emergency remains upon.

What is taken is the right to use one's property oppressively, and it is the destruction of that right that is contemplated and not the transfer thereof to the public use. The taking is therefore analogous to the abatement of a nuisance or to the establishment of building restrictions, and is within the police power."

The opinion holds that legitimate governmental authority ought to be able to protect unobedient tenants, ready and willing to pay reasonable rents, from wholesale evictions for the further enrichment of profiteers "who have brought themselves to the notice of the Legislature by their greed and extortion." This, the opinion says, should be done without subjecting landlords who have not offended and tenants who have no substantial grievance to a restraint that a class is imposed by its conduct.

"The rule alike for State and nation," says the decision, "is that private contract rights must yield to the public welfare when the latter is appropriately declared and defined and the two conflict, but if the law is arbitrary, unreasonable and not designed to accomplish a legitimate purpose the courts will declare it invalid."

REALTY MEN PREDICT BUILDING STAGNATION

One Intimates Reprisals on Tenants When Law Expires.

Real estate interests generally throughout the city asserted last night that the action of the Court of Appeals in upholding the constitutionality of the rent laws means a housing chaos compared with which the crisis brought on by the passage of the laws will be insignificant.

Continued on Seventh Page.

MELLON APPEALS FOR ECONOMY IN NEW FINANCING

Would Have Public More Interested in Saving Than in Spending Money.

HIS LETTER TO BANKS

Announces Treasury Bills Aggregating 400 Millions to Meet Maturities.

NET SURPLUS EXPECTED

Secretary Believes Fiscal Year May End With Substantial Margin in Receipts.

Special Despatch to THE NEW YORK HERALD.

New York Herald Bureau, Washington, D. C., March 8.

Detailed plans for financing the Government in the immediate future were announced by Secretary of the Treasury Mellon to-night. The new Secretary sent a letter to all banks of the country outlining the present situation of the Government and its immediate requirements and urging the necessity for economy. It was Mr. Mellon's first official statement.

Mr. Mellon particularly appealed to the people generally to exercise economy in Government expenditures and to become more interested in saving the Government's money than in spending it.

The announcement by Mr. Mellon confirms in every detail the despatch to THE NEW YORK HERALD under yesterday's date with regard to the financing plans and policies of the new Administration.

Secretary's Letter.

In the letter the new Secretary offered for subscription two new series of certificates of indebtedness in an aggregate amount of about \$400,000,000. The letter says:

"About \$500,000,000 of Treasury certificates of indebtedness mature on March 15, 1921, and about \$118,000,000 additional on April 15, 1921. On March 15, 1921, there will become payable the semi-annual interest on the third Liberty loan, amounting to about \$75,000,000. The Treasury also must make large payments under the recent legislation authorizing part payments on account of the railroad guaranty, which may amount to as much as \$200,000,000, during the course of the next month.

"In order to meet these heavy requirements and at the same time provide for the current expenses of the Government the Treasury relies in large part on the quarterly instalment of income and profits taxes due March 15, 1921.

"Advance payments of March taxes have been up to the expectations, and the Treasury relies in large part on the quarterly instalment of income and profits taxes due March 15, 1921. To provide for its further requirements the Treasury has decided on the basis of the best available estimates to offer Treasury certificates of indebtedness in the amount of \$400,000,000 or thereabouts in two series, both dated March 15, 1921, one series designated TS 2-1921, bearing 5 1/2 per cent. interest, maturing September 15, 1921, and the other series designated TM-1922, bearing 5 1/2 per cent. interest and maturing March 15, 1922.

Exchange Certificate Plan.

"Applications for Treasury certificates of these series will be received in regular course through the several Federal Reserve banks as fiscal agents of the United States, from which full plans concerning the offering may be obtained. Treasury certificates of the series which mature on March 15, 1921, and April 15, 1921, will be accepted at par with an adjustment of accrued interest in payment for any certificate of the two series now offered which may be subscribed for and allotted.

"On the basis of the Treasury daily statements the current operations of the Government during the first eight months of the fiscal year through February 28, 1921, show a net current surplus (excess of receipts over disbursements) amounting to \$186,115,565. This showing is particularly encouraging in view of the fact that during these eight months there have been extraordinary heavy expenditures, but only two quarterly payments of income and profits taxes. Ordinary receipts up to February 28, 1921, have amounted to \$3,423,411,141, as against ordinary disbursements during the same period of \$3,237,295,585 (or at the rate of almost five billions a year).

"Of these disbursements about \$750,000,000 have represented expenditures authorized by the Congress, about \$450,000,000 expenditures of the Navy Department, about \$475,000,000 payments to the railroads under the transportation act of 1920 and about \$550,000,000 payments of income and profits taxes, both based on the business of the calendar year 1920.

"While it is impossible to estimate these tax payments with accuracy and the prospects are that they will continue heavy for some time to come, the Treasury expects that the operations of the first three-quarters of the year through March 31, 1921, as well as the completed year's operation, will show some surplus of receipts over expenditures.

Gross and Floating Debts.

"The gross debt of the Government on February 28, 1921, amounted to \$24,051,684,728 on the basis of Treasury daily statements, while on the same date the floating debt (loan and tax

Continued on Seventeenth Page.

Premier Dato of Spain Shot Dead by Assassin

MADRID, March 8.—Premier Dato was assassinated this evening while returning from the Chamber in his automobile. He was attacked by several persons, who fired a number of shots.

The actual assassin was a man on a motorcycle, who fled.

Senator Dato, who a few months ago again assumed the duties of Premier after a political convulsion in Spain, has since then been in the midst of a legislative and economical whirlpool. Syndicalist strikes, assassinations of employers, walkouts of Government employees, banking difficulties, demands for fiscal and commercial reforms and bitter political attacks have characterized Senator Dato's recent months in office.

BANDIT KILLS MAN; IS SHOT, ENDS LIFE

Fleeing From Greenwich St. Store, He Has Pistol Battle With Policeman.

TRAPPED IN PHONE BOOTH

Wounded in Leg by Police Bullet, Sends Shot Into His Own Head.

Joseph Sharp of 78 Grafton street, Brooklyn, was passing through Greenwich street yesterday afternoon shortly after 5 o'clock when he heard cries of "Help!" "Murder!" and "Police!" coming from the men's furnishings store of Maurice Bealick at No. 26.

Sharp hurried toward the place, but before he could reach it the door was flung open and a man plunged into the street, pursued by Bealick, still shouting for the police. The man, young and wearing a heavy overcoat, turned south and ran toward Battery park.

Bealick pursued a few steps, then staggered and with both hands clutching his abdomen fell to the pavement.

Sharp and half a dozen other men who had seen what had happened looked at Bealick, decided he was dead and went in pursuit of the other man. In Battery park, almost at Greenwich street, Patrolman William J. Kramer of the Old Slip station was seated on a bootblack stand. Standing near was Patrolman George L. Moore of the same station. Both had just come off duty and were in civilian clothing.

Patrolman Kramer said last night the man who had fled from Bealick's store ran past him about ten feet, stopped and drew a pistol, which he brandished in the air for a few seconds. Then he turned and plunged into the clear store owned by Solomon Epstein in 4 Battery place. Epstein was behind the counter and the man, revolver in hand, ran toward him and cried:

"Let me in! Let me hide! Ten men with pistols are after me!"

"You get out of here!" cried Epstein. The man turned toward the door, but at that moment Patrolman Kramer came in with pistol drawn. The policeman said that when he called on the man to surrender the man shot at him, the bullet going past his head. The man then jumped into a telephone booth against the wall, and as he again pointed his revolver at Kramer the patrolman fired. The bullet striking the man in the left leg, Kramer said that as soon as he had been hit the man turned his revolver against himself and fired a bullet into his brain. He was taken to the Volunteer Hospital, where he died at 7:30 o'clock without regaining consciousness and without giving his name.

Meanwhile other passersby had cursed Bealick into his store, and an ambulance was summoned from the Broad Street Hospital, to which he was taken. He died there at 6:15 o'clock, but was not able to tell the police what had happened. It developed, however, that he had been shot twice in the abdomen, but the police have not been able to find anyone who heard shots fired before he and the other man ran through the doorway of the store.

The police believe the affair was an attempted holdup, and that Bealick was not when he resisted. The man Bealick pursued from the store had nothing in his pockets but three cents.

WOOD TO BE ELECTED PENN UNIVERSITY HEAD

General Confers With Board of Directors.

Special Despatch to THE NEW YORK HERALD.

PHILADELPHIA, March 8.—Major-General Leonard Wood's election to the presidency of the University of Pennsylvania seems to be a matter of two stated meetings of the board of directors. The first of these will be held March 21, when the General will be nominated. The election will take place at a meeting in April.

This afternoon seven members of the university's board of trustees had a meeting with Gen. Wood in the office of Ephraim B. Morris, Dr. Charles S. Harrison, formerly provost of the university and senior member of the board of trustees, made the following statement to the press:

"Gen. Leonard Wood's name will be placed in nomination at the next stated meeting on March 21. It is necessary that two stated meetings take place before a protest can be filed."

HARDING CABINET GIVES PREFERENCE TO HOME REFORMS

Separate German Negotiations and Other European Matters Not Discussed.

MEXICO IS MENTIONED

Drastic Reorganization Is Planned to Save Waste and Get Efficiency.

TEAM WORK CHIEF MOTTO

Taxation and Tariff Revision to Encourage Business and Help Restore Normalcy.

Paris Hears Knox Peace Plan Has Been Held Up

Special Cable to THE NEW YORK HERALD.

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New York Herald Bureau, Paris, March 8.

PRESIDENT HARDING'S announced intention to postpone any discussion of a separate peace with Germany is generally considered in French official circles as a warning to the Germans that America's friendship is still flowing toward the Allies. One Foreign Office official commented that "the intensity of that stream depends entirely on how Germany takes her medicine."

Special Despatch to THE NEW YORK HERALD.

New York Herald Bureau, Washington, D. C., March 8.

Team work, President Harding holds, is the great aim of his Administration. Team work by the departments of Government was the thing he set his mind on in the preoccupied days at Marion when he was building his Cabinet. His purpose in those months was to find not only men of first rate ability, but men who would pull together.

The first meeting of that Cabinet to-day suggests that the President's selective talent has had its reward. Among the topics not discussed was the Knox resolution declaring the state of war with Germany to be at an end and the status of the American troops in Germany. Several of the members of the Cabinet, pledged not to disclose what was talked about, had no hesitancy in stating "on honor" that neither the Knox resolution nor the question of withdrawing American soldiers from Germany had any part in the talk.

No explanation was offered by any of the Cabinet members of the failure of the Cabinet to discuss the Knox peace resolution. It is assumed, however, that the chief reason is because of the unsettled condition of affairs in Germany and in Europe generally. While both Democratic and Republican leaders have been of sympathy with the demands made by the allied governments for reparations, this lack of sympathy has not been because of any desire to have Germany escape payment of whatever reparations she can afford to pay.

It has been believed that the allied demands went beyond the capacity of Germany to meet, while the 12 per cent. export tax and refusal to allow Germany to negotiate loans or credits without allied consent is regarded as being aimed at making this country pay part of the reparations.

The Knox peace resolution, if discussed now, might have the appearance of supporting German contentions, as would the immediate withdrawal of the American troops from the Coblenz bridgehead. In spite of these compelling reasons to move slowly it is realized that this Government will have to take a position relative to the presence of American troops in Germany in the near future.

Nothing is more illustrative of the spirit of harmony and the attitude of give and take than the prompt and hearty agreement all the Cabinet Ministers made to-day to the President's suggestion that there need be no serious disappointment when the time should come to reorganize the department of the interior.

When that time comes, as the President pointed out to his official family, there may be some fairly drastic changes of jurisdiction and control, one Cabinet officer surrendering to another, for the welfare of the whole Administration, some part of authority that previously has been exercised. Bureaus may be abolished. There may have to be a fairly general rearrangement in the working out of the President's plan to take the Government out of business and put more business in the Government.

As has been recognized generally this is a delicate, even trying, problem, for incoming heads of departments could not be expected to look with satisfaction on the surrender of power or prerogatives that had been enjoyed by their predecessors, but when the President put the idea before the individual department heads today, every one earnestly concurred and the Cabinet pledged its chief that there would be no jealousy or rancor when the time arrives to chisel away the beaver's burrows and activities of the departments.

The ten assured President Harding that they were ready to follow his suggestions resolutely and that they recognized that this week has been decidedly a bad one for Germany, continues:

"First America disinterested herself in Germany. There is nothing more eloquent in President Harding's inaugural discourse than certain of his allusions. Moreover, the Bolshevism created by Ludendorff is receiving its deathblow and the penalties which always were be-

Continued on Second Page.

GERMANY STILL UNMOVED AS ALLIED ARMY TAKES THREE OF RHINE TOWNS

Allies Guilty of an Unjustified Act of Violence, Chancellor Tells Reichstag

BERLIN, March 8.—Chancellor Fehrenbach at the reassembling of the Reichstag to-day announced the breaking off of negotiations at London. He said: "The Allies have already begun to put the penalties into effect. This, in plain German, means an act of violence, for penalties have nothing to do with the usual principles of right. The conditions imposed upon us are to be secured by force. This rupture can neither be disguised nor justified by legal deceptions."

The Chancellor declared the Allies admitted that the impossible was expected of Germany in the Paris decisions. Neither sentiment, European relationships nor liquidation of the war was possible owing to the allied course of action, he added.

"If they persist in this course," he said, "the evil can only be enhanced by it. The Allies are only creating fresh embarrassments for themselves."

FRANCE PREDICTS SPEEDY RESULTS THREATS TO EVADE CUSTOMS AT RHINE

German Trade Leaders Will Advise Country to Accept Terms Soon, Belief.

ONLY FAITH IS IN ARMS

All Sides Rally to Briand as Savior of Their Hard Earned Victory.

Special Cable to THE NEW YORK HERALD.

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New York Herald Bureau, Paris, March 8.

In less than a month Hugo Stinnes and other German financiers and industrial leaders will be making themselves heard in urging an acceptance of the Paris reparations accord, which demanded 226,000,000,000 marks gold from Germany, in order to terminate allied occupation of the three German industrial centers—Dusseldorf, Duisburg and Ruhrort—into which the Allies marched to-day. This is the prophecy of the *Intendant* to-night in commenting on the ease with which the allied forces made their advance.

Hardly an important Paris newspaper failed to-day to offer its praise of Premier Briand's diplomacy, which, after two years of wrangling over the reparations terms, finally succeeded in winning the British Prime Minister, Mr. Lloyd George, from the theories of John Maynard Keynes as presented in his book, "The Economic Consequences of the Peace," regarding Germany's capacity to pay.

But while the Premier's political star is in the ascendant there is a distinct note in the French press that the penalties already ordered must not be considered as other than the beginning of forceful measures against Germany, the general impression here being that further occupation of either the Ruhr Basin or Marshal Foch's line dividing southern from northern Germany will become necessary as soon as Germany is able to develop economic opposition to the present plans of the Allies.

Revises Versailles Plan.

The semi-official *Temps* to-night insists that the Paris accord between the Allies must now be considered a dead letter, since Germany has refused to accept it and allied contingents have been sent across the Rhine.

"We, therefore, return to a pure and simple execution of the treaty," it says. "This demands, according to the terms of Article CCXXXV, that Germany pay the equivalent of 20,000,000,000 marks gold before May 1. Premier Lloyd George very justly reminded Dr. Simons (German Foreign Minister) that the likelihood of finding a new ministry which would sign the Paris reparations agreement by the Allies was now renewed.

Neutral observers who were here when the treaty was under discussion say that outwardly the German resistance now is more real than it was then. However, the French Embassy in Berlin was not guarded to-day and no crowds assembled in front of the embassy building, as was the case during the previous crisis. If trouble comes, it is not expected for several days. However, the sentiment of the man in the street is not always to be judged by a few chance predictions. To-day the New York *Herald* correspondent asked a bank messenger for his opinion of the situation.

"The French will get no money in Dusseldorf," he replied. "Pretty soon we will drive them out. They are not barbarians in the war, when we weren't. In the next war we will teach them what barbarians are."

An elevator operator in the Reichstag predicted: "How are we going to fight? We will fight Poland, and the Poles have cannon. Then we can whip France."

Is Culmination of a Policy.

The fanfare of exhortation in the conservative press is countered by the quieter advice by the *Neue Zürcher Zeitung*, which observes that the crisis is not the first of its kind. It is a culmination of a policy two years old. It rebukes enthusiasts who greet the break in London as the end of a period of misapprehension, and fears it will be the beginning of one that is more severe, unless the

Continued on Third Page.

THREATS TO EVADE CUSTOMS AT RHINE

Berlin in Poignant Mood, but Believes Tariff Wall Cannot Be Made Fully Effective.

NEW CONFLICT IS HINTED

Germans Expect U. S. to Withdraw Troops if Allies Erect Barrier in American Zone.

By RAYMOND SWING.

Special Cable to THE NEW YORK HERALD.

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New York Herald Bureau, Berlin, March 8.

News has been received here to the effect that President Harding has advised postponement of action on the resolution by Senator Philander C. Knox (Pa.) providing for a separate peace with Germany until such time as it is felt it would not be an affront to the Allies. This is assumed in official circles here to mean that President Harding has already initiated feelers looking toward a conference with the Allies.

Chancellor Fehrenbach to-day informed the Reichstag that the Allies already had begun to put the Paris sanctions into effect. There will be no open discussion in the Reichstag of the allied action in advancing further into German territory until the return here of Dr. Walter Simons, German Foreign Minister, and other delegates to the London Reparations Conference. Behind the facade of the Chancellor's protest the spirit of depression and fatalism in Germany was more poignant than at any time since the signing of the Treaty of Versailles. The Germans foretell of almost certain consequences of the allied action unless reparations negotiations can be resumed. They are:

1. That it will be impossible to maintain the morale of the Germans for fulfilling the terms of the Peace Treaty.

2. That infatuation to the point of placing Germany in the position that Austria is now in will result from the customs wall in the Rhineland.

From either of these results the Germans expect new conflicts with the Allies.